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THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DT 02-110

ORDER OF NOTICE

During the review by the New Hampshire Public Utilities Commission (Commission) of Verizon New Hampshire's (Verizon's) Section 271 Application to the Federal Communications Commission in Docket No. DT 01-151, it came to the Commission's attention that certain unbundled network element (UNE) rates, calculated using the Total Element Long Run Incremental Cost (TELRIC) methodology established in Docket No. DE 97-171, produced rates higher than comparable rates in neighboring states. Also during the Section 271 review, several parties pointed out that the cost of capital used to calculate the UNE rates in the TELRIC proceeding, DE 97-171, was based on data available in 1998 and may not be appropriate given the current financial market. Other input variables have likely changed, as well, in the time since the record closed in DE 97-171.

The July 6th, 2001 order in the TELRIC proceeding, Order No. 23,738, determined which of the several cost models most reasonably and appropriately followed the principles of the TELRIC methodology. Staff and Verizon stipulated to the cost of

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capital as an input to their respective models. Since no party contested this issue, cost of capital was not adjudicated in that proceeding.

The Commission opens this proceeding, in part, to determine the appropriate cost of capital for Verizon. The review will include an analysis of Verizon's weighted average cost of capital and will require new estimates of Verizon's cost of equity using methods such as the discounted cash flow or the capital asset pricing model. Further, to the extent that debt refinancing has resulted in either a change in the capital structure or a change in effective rates, adjustments to the cost of debt may be required.

In addition, the Commission will examine whether recurring TELRIC rates should be modified to take into account a revised cost of capital and/or such other input variables which have changed since 1998. At the prehearing conference we direct interested parties to identify input variables used in the recurring rates that should be reviewed in this proceeding.

Based upon the foregoing, it is hereby

ORDERED, that, pursuant to RSA 365:5 and 378:7, the Commission shall conduct an inquiry in order to determine the appropriate cost of capital for Verizon; and it is

FURTHER ORDERED, that at or before the Prehearing

Conference interested parties shall identify and propose other input variables to the recurring TELRIC rates that need to be reviewed in this proceeding; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.05, be held before the Commission located at 8 Old Suncook Road, Concord, New Hampshire on July 12, 2002 at 10:00 a.m.; and it is

FURTHER ORDERED, that the Prehearing Conference will be stenographically recorded and transcribed; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, the Staff of the Commission and any Intervenor hold a Technical Session to narrow the scope of issues raised; and it is


FURTHER ORDERED, that the following procedural schedule is established unless otherwise ordered following the prehearing conference:

Verizon Testimony	August 8, 2002
Data Requests by Staff and Intervenor	August 20, 2002
Deadline for Objections to Data Requests	August 27, 2002
Company Data Responses	August 30, 2002
Technical Session and Follow-Up Data Requests	September 9, 2002
Responses to Tech. Session and Follow-Up Data Requests	September 13, 2002

Testimony by Staff and Intervenors	October 14, 2002
Data Requests by Verizon	October 24, 2002
Data Responses by Staff and Intervenors	November 5, 2002
Rebuttal Testimony	November 13, 2002
Settlement Conference	November 14, 2002
Hearings	November 18-22, 2002

and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, Verizon shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 21, 2002, in a newspaper with statewide circulation or of general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 12, 2002; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Verizon and the Office of the Consumer Advocate on or before July 9, 2002, such Petition ting the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc

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203.02 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before July 12, 2002.

By order of the Public Utilities Commission of New Hampshire this eighteenth day of June, 2002.

Debra A. Howland
Executive Director and Secretary

Any individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the American with Disabilities Act Coordinator, NHPUC, 8 Old Suncook Road, Concord, New Hampshire 03301-7319; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Preferably, notification of the need for assistance should be made one week before the scheduled event.